

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RURAL )  
ELECTRIC COOPERATIVE CORPORATION )  
FOR AUTHORITY TO EXECUTE ITS NOTE )  
TO THE NATIONAL RURAL UTILITIES )  
COOPERATIVE FINANCE CORPORATION IN )  
THE AMOUNT OF \$812,371 AND FOR ) CASE NO. 92-066  
AUTHORITY TO EXECUTE A LOAN )  
AGREEMENT BETWEEN BIG SANDY RURAL )  
ELECTRIC COOPERATIVE CORPORATION )  
AND NATIONAL RURAL UTILITIES )  
COOPERATIVE FINANCE CORPORATION )  
AND FOR A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY )

O R D E R

IT IS ORDERED that Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 10 days from the date of this Order. If the information cannot be provided by this date, Big Sandy should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a detailed description of any financing options other than National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. This response should include the reason(s) that CFC financing was selected over other

options, as well as the results of any studies conducted which support the use of CFC financing.

2. Provide the additional debt service requirements associated with the Rural Electrification Administration ("REA") loan and the CFC loan, using the REA interest rate of 5 percent and the current CFC variable and fixed interest rates.

3. Provide an amortization schedule of the proposed CFC loan using the current rates for variable and fixed loans.

4. Explain how Big Sandy will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Provide a thorough discussion of Big Sandy's analysis of the various loan programs available through CFC. If the advance of funds from this proposed loan was to be made by the date of the response to this Order, identify the loan program which Big Sandy would select and explain how Big Sandy determined that this program was the best option. Include with this explanation the results of any economic studies or analysis used by Big Sandy in making the loan program selection.

6. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide the following:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. Indicate which option Big Sandy plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

7. Provide documentation which indicates that the loans for which Big Sandy seeks authorization have been approved by REA and CFC.

8. Concerning the actual work performed under the 1990-92 Work Plan, provide the following information:

a. Indicate when Big Sandy began construction under the 1990-92 Work Plan.

b. Identify how much Big Sandy has spent on the 1990-92 Work Plan, as of the date of its response to this Order.

c. If construction under the 1990-92 Work Plan has already begun, explain why Big Sandy believes a Certificate of Convenience and Necessity under KRS 278.020 was not required before the work began.

9. The Commission is aware that changes are currently underway in the REA loan program. Big Sandy has indicated that it is requesting a loan from REA for \$1,838,000 which represents 70 percent of the total financing needs for the 1990-92 Work Plan. Provide the following information:

a. A discussion of the current status of the REA loan program and explain the impact the changes in the REA loan program will have on the current loan application of Big Sandy. Include copies of any notices or correspondence received from REA concerning the changes in the loan program.

b. Describe any other financing options available to Big Sandy for the financing of the total 1990-92 Work Plan.

c. A copy of any correspondence received from REA which indicates that it will receive a loan approval for an amount different from the requested \$1,838,000.

Done at Frankfort, Kentucky, this 6th day of April, 1992.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director